

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Esteban Leon
Carmelina de Leon
Carlos Alberto Leon
Mariela Leon

Case Number: 04-06229

Names of the Respondents

Stanford Group Company
UBS Financial Services, Inc. f/k/a
UBS PaineWebber, Inc.
UBS International, Inc.
Wallstreet Electronica, Inc.
Pedro Penzini
Cecilia Gonzalez
Rafael Avila
Carlos F. Otalvaro
Carlos N. Otalvaro

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Esteban Leon, Carmelina de Leon, Carlos Alberto Leon and Mariela Leon, hereinafter collectively referred to as "Claimants": Russell L. Forkey, Esq., Russell L. Forkey, P.A., Fort Lauderdale, Florida.

For Respondent Stanford Group Company ("Stanford"): Ronald D. Schindler, Esq., Fowler White Burnett, P.A., Miami, Florida.

For Respondents UBS Financial Services, Inc. f/k/a UBS PaineWebber, Inc. ("UBSFS") and UBS International, Inc. ("UBSI"): Laura J. Starr, Esq. and Peter J. Aldrich, Esq., Peter J. Aldrich, P.A., Palm Beach Gardens, Florida.

For Respondents Wallstreet Electronica, Inc. ("Wallstreet") and Carlos F. Otalvaro: Alan M. Wolper, Esq. and Myra Mormile, Esq., Sutherland, Asbill & Brennan, LLP, Atlanta, Georgia.

Respondent Carlos N. Otalvaro appeared *pro se* through August 2, 2005. Thereafter, he was represented by: Alan M. Wolper, Esq. and Myra Mormile, Esq., Sutherland, Asbill & Brennan, LLP, Atlanta, Georgia.

For Respondent Pedro Penzini ("Penzini"): Elio F. Martinez, Esq., Concepcion and Associates, P.A., Coral Gables, Florida.

For Respondent Cecilia Gonzalez ("Gonzalez"): Melanie S. Cherdack, Esq. and Jonathan

Perlman, Esq., Genovese, Joblove and Battista, P.A., Miami, Florida.

Respondent Rafael Avila ("Avila") appeared *pro se*.

CASE INFORMATION

Statement of Claim filed on or about: August 31, 2004.

Claimants signed the Uniform Submission Agreement: December 9, 2003.

Preliminary Answer and Motion to Dismiss filed by Respondent UBSFS on or about: November 3, 2004.

Respondent UBSFS signed the Uniform Submission Agreement: September 16, 2004.

Motion to Dismiss and Statement of Answer filed by Respondent Stanford on or about: November 23, 2004.

Respondent Stanford did not file an executed Uniform Submission Agreement.

Statement of Answer and Motion to Dismiss filed by Respondent Wallstreet on or about: October 20, 2004.

Respondent Wallstreet did not file an executed Uniform Submission Agreement.

Statement of Answer filed by Respondent Penzini on or about: November 5, 2004.

Respondent Penzini signed the Uniform Submission Agreement: October 26, 2004.

Statement of Answer filed by Respondent Gonzalez on or about: November 2, 2004.

Respondent Gonzalez signed the Uniform Submission Agreement: November 10, 2004.

Motion for Leave to File Amended Statement of Claim and to Add Parties filed by Claimants on or about: April 18, 2005.

Amended Statement of Claim filed on or about: May 17, 2005.

Statement of Answer and Joinder in Motions to Dismiss Amended Statement of Claim filed by Respondent Penzini on or about: June 6, 2005.

Motion to Dismiss Amended Statement of Claim filed by Respondent Carlos N. Otalvaro on or about: June 9, 2005.

Response to Respondent Carlos N. Otalvaro's Motion to Dismiss filed by Claimants on or about: June 17, 2005.

Statement of Answer and Motion to Dismiss Amended Statement of Claim filed by Respondents Wallstreet and Carlos F. Otalvaro on or about: June 27, 2005.

Statement of Answer to Amended Statement of Claim filed by Respondent Gonzalez on or about: June 29, 2005.

Statement of Answer to Amended Statement of Claim and Motion to Dismiss filed by Respondents UBSFS and UBSI on or about: July 1, 2005.

Claimants' Response to Motion to Dismiss filed by Respondents Wallstreet and Carlos F. Otalvaro filed on or about: July 19, 2005.

Motion to Dismiss and Statement of Answer to Amended Statement of Claim filed by Respondent Stanford on or about: August 9, 2005.

Respondent Avila did not file a Statement of Answer.

CASE SUMMARY

Claimants asserted the following causes of action against Respondents: 1) fraud; 2) failure to supervise; and 3) unsuitability. The causes of action relate to withdrawals and transfers of Claimants' funds and various purchases of the Hudson Capital mutual fund and a Mutual Benefit policy within Claimants' accounts.

Unless specifically admitted in its Answer, Respondent Stanford denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Respondents UBSFS and UBSI denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Respondents Wallstreet and Carlos F. Otalvaro denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent Penzini denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

Unless specifically admitted in her Answer, Respondent Gonzalez denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in the amount of \$250,000.00; 2) interest; 3) costs; 4) punitive damages in the amount of \$100,000.00; and 6) such other relief as the undersigned arbitrators (the "Panel") deemed appropriate.

Respondent Stanford requested that the Panel: 1) grant its Motion to Dismiss; 2) dismiss the claim against Stanford in its entirety; 3) assess fees and expenses of this forum, including all NASD member fees against Claimants; and 4) grant such other and further relief as deemed just and proper.

Respondents UBSFS and UBSI requested that the Panel enter an award in their favor on the merits of this action, along with attorneys' fees pursuant to Sections 57.105 and 684.19 Fla. Stat., costs and such other relief as the Panel deemed necessary.

Respondents Wallstreet and Carlos F. Otalvaro requested that the Panel enter an award: 1) dismissing Claimants' claim in its entirety; 2) assessing fees and expenses of this forum, including NASD member fees, against Claimants; and 3) granting such other and further relief as the Panel deemed proper.

Respondent Penzini requested that the Amended Statement of Claim be dismissed, with costs against Claimants.

Respondent Gonzalez requested: 1) dismissal of Claimants' claim in its entirety; 2) fees and costs of this proceeding; 3) attorneys' fees; and 4) expungement of this matter from her records maintained by the NASD Central Registration Depository ("CRD").

Respondent Carlos N. Otalvaro requested that the Panel dismiss him from this proceeding due to lack of jurisdiction by NASD Dispute Resolution.

OTHER ISSUES CONSIDERED AND DECIDED

On or about November 17, 2005, the Panel entered an order, pursuant to which the following Respondents' respective Motions to Dismiss were withdrawn: 1) UBSFS; 2) UBSI; 3) Penzini; and 4) Carlos N. Otalvaro. The Panel also deferred a ruling on the Motion to Dismiss filed by Respondent Stanford in its November 17, 2005 order. The Panel did not rule on the Motion to Dismiss filed by Respondents Wallstreet and Carlos F. Otalvaro.

On or about January 24, 2006, Claimants dismissed their claims against Respondent UBS with prejudice.

On or about February 7, 2006, Claimants dismissed their claims against Respondent UBSI with prejudice.

On or about February 28, 2006, Claimants dismissed their claims against Respondents Wallstreet, Carlos F. Otalvaro, Carlos N. Otalvaro and Gonzalez with prejudice.

Prior to the final evidentiary hearing, the parties fully and finally settled all claims by and between them and submitted a Stipulated Award to the Panel for its consideration.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

AWARD

After considering the pleadings and the Stipulated Award submitted by the parties, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The parties have amenablely resolved their differences and have requested this Stipulated Award.
2. All claims against all Respondents, including Respondents Wallstreet, Carlos F. Otalvaro and Carlos N. Otalvaro, are dismissed with prejudice.
3. Pursuant to Rule 2130 of the NASD Code of Arbitration Procedure (the "Code"), the Panel affirmatively finds that (1) the claims, allegation, or information are clearly erroneous; and (2) neither Carlos Francisco Otalvaro nor Carlos Noe Otalvaro was involved in any investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds. In support of this finding, the Panel relies upon Respondents' Answer and Amended Answer and any exhibits attached thereto.
4. The Panel recommends the expungement of all references to the above-captioned arbitration from Respondent Carlos Francisco Otalvaro's registration records maintained by NASD CRD, with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Otalvaro must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of

an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

6. The parties shall bear their respective costs, including attorneys' fees, except as fees are specifically addressed below; and

7. Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied in their entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	=	\$ 300.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondents Stanford, UBSFS, UBSI and Wallstreet are parties and member firms.

Member surcharge	=	\$1,700.00
Pre-hearing process fee	=	\$ 750.00
<u>Hearing process fee</u>	=	<u>\$2,750.00</u>
Total Member Fees	=	\$5,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed during these proceedings.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

The Panel has assessed a three-day cancellation fee of \$300.00 as follows:

\$150.00 to Claimants, jointly and severally.

\$150.00 to Respondents Stanford, Penzini and Avila, jointly and severally.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The arbitration Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with Panel @ \$1,125.00 per session	= \$ 3,375.00
Pre-hearing conferences: May 11, 2005 1 session	
June 27, 2005 1 session	
November 17, 2005 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 3,375.00

The Panel has waived \$675.00 of the forum fees associated with the pre-hearing conference held on June 27, 2005.

The Panel has assessed \$1,350.00 of the forum fees to Claimants, jointly and severally.

The Panel has assessed \$1,350.00 of the forum fees to all Respondents, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were assessed during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Three-day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 1,350.00
Total Fees	= \$ 1,800.00
<u>Less payments</u>	<u>= \$ 1,425.00</u>
Balance Due NASD Dispute Resolution	= \$ 375.00

Respondent Stanford is solely liable for:

<u>Member Fees</u>	<u>= \$ 5,200.00</u>
Total Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$ 2,450.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondent UBSFS is solely liable for:

<u>Member Fees</u>	<u>= \$ 5,200.00</u>
Total Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$ 2,450.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondent UBSI is solely liable for:

<u>Member Fees</u>	= \$ 5,200.00
<u>Total Fees</u>	= \$ 5,200.00
<u>Less payments</u>	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondent Wallstreet is solely liable for:

<u>Member Fees</u>	= \$ 5,200.00
<u>Total Fees</u>	= \$ 5,200.00
<u>Less payments</u>	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondents Stanford, Penzini and Avila are jointly and severally liable for:

<u>Three-day Cancellation Fee</u>	= \$ 150.00
<u>Total Fees</u>	= \$ 150.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 150.00

Respondents Stanford, UBSFS, UBSI, Wallstreet, Penzini, Gonzalez, Avila, Carlos F. Otalvaro and Carlos N. Otalvaro are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 1,350.00
<u>Total Fees</u>	= \$ 1,350.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Neale J. Poller, Esq.	-	Public Arbitrator, Presiding Chairperson
Marc Scott Shapiro	-	Public Arbitrator
David L. Giertz	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ _____
Neale J. Poller, Esq.
Public Arbitrator, Presiding Chairperson

April 27, 2006
Signature Date

/s/ _____
Marc Scott Shapiro
Public Arbitrator

April 25, 2006
Signature Date

/s/

David L. Giertz
Non-Public Arbitrator

April 27, 2006
Signature Date

April 27, 2006

Date of Service (For NASD Dispute Resolution Office use only)

Respondent UBSI is solely liable for:

<u>Member Fees</u>	= \$ 5,200.00
<u>Total Fees</u>	= \$ 5,200.00
<u>Less payments</u>	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondent Wallstreet is solely liable for:

<u>Member Fees</u>	= \$ 5,200.00
<u>Total Fees</u>	= \$ 5,200.00
<u>Less payments</u>	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondents Stanford, Penzini and Avila are jointly and severally liable for:

<u>Three-day Cancellation Fee</u>	= \$ 150.00
<u>Total Fees</u>	= \$ 150.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 150.00

Respondents Stanford, UBSFS, UBSI, Wallstreet, Penzini, Gonzalez, Avila, Carlos F. Otaľvaro and Carlos N. Otaľvaro are jointly and severally liable for:


<u>Forum Fees</u>	= \$ 1,350.00
<u>Total Fees</u>	= \$ 1,350.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Neale J. Poller, Esq.	-	Public Arbitrator, Presiding Chairperson
Marc Scott Shapiro	-	Public Arbitrator
David L. Giertz	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Neale J. Poller, Esq.
Public Arbitrator, Presiding Chairperson

4/27/06

Signature Date

Marc Scott Shapiro
Public Arbitrator

Signature Date

1

David L. Giertz
Non-Public Arbitrator

4/27/06
Signature Date

Signature Date

Date of Service (For NASD Dispute Resolution Office use only)

Respondent UBSI is solely liable for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondent Wallstreet is solely liable for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 2,450.00
Balance Due NASD Dispute Resolution	= \$ 2,750.00

Respondents Stanford, Penzini and Avila are jointly and severally liable for:

Three-day Cancellation Fee	= \$ 150.00
Total Fees	= \$ 150.00
Less Payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 150.00

Respondents Stanford, UBSFS, UBSI, Wallstreet, Penzini, Gonzalez, Avila, Carlos F. Ojalvaro and Carlos N. Ojalvaro are jointly and severally liable for:

Forum Fees	= \$ 1,350.00
Total Fees	= \$ 1,350.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

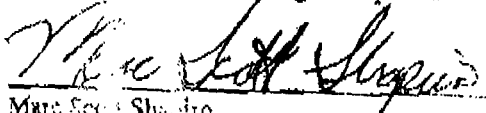
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Neale J. Poller, Esq.	• Public Arbitrator, Presiding Chairperson
Marc Scott Shapiro	• Public Arbitrator
David L. Gertz	• Non-Public Arbitrator

Concurring Arbitrators' Signatures

Neale J. Poller, Esq.
Public Arbitrator, Presiding Chairperson


Marc Scott Shapiro
Public Arbitrator

Signature Date

4-25-06

Signature Date